
CMS Manual System

Pub. 100-20 One-Time Notification

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal 144

Date: MARCH 4, 2005

CHANGE REQUEST 3612

SUBJECT: Debt Collection Improvement Act Backlog Non-MSP Collections from February 1998 to September 2004

I. SUMMARY OF CHANGES: The CMS is required to refer all eligible delinquent debt to Treasury or a Treasury designated Debt Collection Center for cross servicing. This document provides instructions for reporting non-Medicare Secondary Payer collections received as a result of Treasury's collection efforts from February 1998 to September 2004.

NEW/REVISED MATERIAL - EFFECTIVE DATE: April 4, 2005

***IMPLEMENTATION DATE: April 4, 2005**

Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual not updated.)
(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
N/A	

***III. FUNDING:**

These instructions shall be implemented within your current operating budget.

IV. ATTACHMENTS:

	Business Requirements
	Manual Instruction
	Confidential Requirements
X	One-Time Notification
	Recurring Update Notification

***Medicare contractors only**

Attachment – One-Time Notification

Pub. 100-20	Transmittal: 144	Date: March 4, 2005	Change Request 3612
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SUBJECT: Debt Collection Improvement Act Backlog Non-MSP Collections from February 1998 to September 2004

I. GENERAL INFORMATION

A. Background: Delinquent debt is forwarded to Treasury for collection as part of the requirements of the Debt Collection Improvement Act of 1996.

B. Policy: The CMS is required to refer all eligible delinquent debt to Treasury or a Treasury designated Debt Collection Center for cross servicing. This document provides instructions for reporting non-MSP collections received as a result of Treasury's collection efforts from February 1998 to September 2004.

C. Provider Education: None.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3612.1	For principal and interest collections as indicated on the Collection Reconciliation Acknowledgement Form (CRAF) spreadsheet, the Medicare contractors shall manually adjust down the amount of interest accrued to the amount of interest collected as listed on the spreadsheet. This will make the amount of the accrued interest equal to the amount of interest listed on the spreadsheet. For interest only collections, the contractor will post interest as shown on the spreadsheet. No adjustment to interest is necessary.	X	X	X	X					

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3612.2	The Medicare contractor shall then post the collection. Use the current date as the date of collection. If a principal balance remains after posting the collection, interest, if applicable, shall continue to accrue on the remaining principal balance.	X	X	X	X					
3612.3	The Medicare contractors shall update their internal systems, the Provider Overpayment and Reporting (POR) or the Physician/Supplier Overpayment Reporting (PSOR) System, if applicable, and other systems where the debt activity is housed.	X	X	X	X					
3612.4	Any principal balance (or interest only balance, if applicable) that remains in the Medicare contractors’ systems, after posting the collection activity, will be carried forward. Medicare contractors shall continue to accrue interest, if applicable, on any outstanding balances until notification is received from CMS Central Office (CO) that the debt is paid in full or compromised.	X	X	X	X					
3612.5	Collections reported and posted to the debt(s) shall be reported on Line 4c Collections Deposited at Another Location on Forms CMS H/M 751. If the debt is in Currently Not Collectible (CNC) status, the amounts collected shall be reported on Line 4a on Forms CMS C/MC 751 as Re-established as Active Debt Due to a Cash Collection, Line 6b, Transfers In from CNC and Line 4c, Collections Deposited at Another Location on Forms CMS H/M 751.	X	X	X	X					

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3612.6	The amount of accrued interest that is adjusted down in order to equal the amount of interest collected and posted to the debt shall be reported on Line 5a, Adjusted Amounts, Internal Adjustments, on Forms CMS H/M 751 or Line 4e, Other, on Forms CMS C/MC 751 if the debt is in CNC status. Medicare contractors shall separately track interest adjustment amounts reported on the “Adjusted Amounts” line on Forms CMS H/M 751 or reported on the “Other” line on Forms CMS C/MC 751 due to a paid in full collection by Treasury and its Private Collection Agencies (PCAs). The interest adjustment amounts shall be reported in the “Remarks” section on Forms CMS 751.	X	X	X	X					
3612.7	The CMS CO shall update the Debt Collection System (DCS) for Non-MSP collection activity received from the IPAC reports. The principal balance reported in the DCS shall reflect the principal balance being pursued by Treasury and its PCAs and should be the principal balance reflected in the Medicare contractors’ internal systems after posting the collection.	X	X	X	X					
3612.8	Debts that reflect a zero principal balance shall be considered paid in full and shall be closed in your internal systems. For debts paid in full by Treasury collections, the paid in full status is considered CMS’ authorization for the Medicare contractor to adjust any remaining interest balance to zero, close out the debt, update applicable systems (POR/PSOR) and internal systems and report the activity on the appropriate Form CMS 751. If the contractor’s system does not reflect a zero principal balance after posting the collection, the contractor shall research the discrepancy by querying the DCS collection screen and comparing collection/adjustment entries to its internal system.	X	X	X	X					

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3612.9	The principal balance in DCS should agree with the principal balance in the contractor’s internal system after posting partial collections. If these two amounts do not agree, the contractor shall research the discrepancy, again by querying the DCS collection screen.	X	X	X	X					
3612.10	The DCS status of the debts that have been compromised will be “2C”. This status shall be considered notification of the compromise and will be the Medicare contractor’s justification to adjust the compromised portion of the debt.	X	X	X	X					
3612.11	The Medicare contractors shall use the collection / refund spreadsheet notification of the compromise received from CMS as justification to adjust the remaining principal and interest of the debt due to a Treasury compromise. Medicare contractors shall report the adjusted amounts on Line 5a on Forms CMS H/M 751 or Line 4e on Forms CMS C/MC 751.	X	X	X	X					
3612.12	The CMS CO shall indicate the Extended Repayment Schedule (ERS) status using the status code “UR”. Upon notification of the approved ERS via the collection / refund spreadsheet, the Medicare contractor shall remove the debt from any internal withhold / recoupment status.	X	X	X	X					
3612.13	The Medicare contractor shall continue to accrue interest on the remaining principal balance until notified from CMS CO that the debt is paid in full. Debts that are in a Treasury approved ERS shall be reported as current on Forms CMS H/M 751. Debts in CNC classification shall remain in CNC and continue to be reported as delinquent on Forms CMS C/MC 751.	X	X	X	X					

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3612.14	There may be instances where amounts collected exceed the amount of the debt that was referred for cross servicing/Treasury Offset Program and the DCS principal balance will be negative. As an example, an excess collection may result from Treasury and its PCAs receiving a collection and the Medicare contractor recouping the same debt by internal withhold. Debts showing a negative principal balance in DCS shall require your research to determine if the excess collection can be applied to another debt of the provider. Before making a determination as to the application of the excess collection, be sure that the principal balance after posting the collection to your internal system would result in the same negative balance as listed in DCS. If the principal balances would agree, proceed with the research to determine if the excess collection can be applied to another debt or if the excess collection should be refunded.	X	X	X	X					
3612.15	Upon notification of the excess collection, the Medicare contractor shall first determine if the debtor has any other outstanding debts to which the excess collection may be applied. If the debtor has no outstanding debt, the Medicare contractor shall issue a refund. A copy of the collection / refund spreadsheet showing the excess collection shall be kept in the debtor file for audit trail purposes. The contractor shall make appropriate adjustments to all systems the contractor has responsibility for updating, i.e., POR/PSOR, as well as internal systems to reflect the refund activity. Upon notification of the refund, The CMS CO will update DCS to zero out the negative balance.	X	X	X	X					

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3612.16	If the debtor has other outstanding debt, the Medicare contractors shall apply the excess collection to the oldest debt first (then next oldest), in accordance with established procedures for applying excess collections against a debtor’s overpayments. The breakout of principal and interest on the spreadsheet does not apply when the excess collection is applied to another outstanding debt. Medicare contractors shall indicate the action taken and the way the collection was allocated to principal and interest on the other debt. If the collection is applied to other debt(s) currently at Treasury, the Medicare contractors shall initiate a CRAF showing the application of the collection to the other debt(s) and forward it to CMS CO with the completed spreadsheet showing the excess collection.	X	X	X	X					
3612.17	If the debtor has no other outstanding overpayments, a refund shall be issued by the Medicare contractor. Medicare contractors will refund the amount of principal and interest as reflected on the spreadsheet.	X	X	X	X					
3612.18	Contractors shall update the POR and the PSOR for these collections as appropriate. CMS CO has established unique transaction codes to post these backlog collections. The contractor shall use “TP” to post the principal collections and “TI” to post interest collections.	X	X	X	X					

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: Collections reported and posted to the overpayment(s) shall be reported on Line 4c Collections Deposited at Another Location on Forms CMS H/M 751. If the debt is in CNC status, the amounts collected shall also be reported on Line 4a on Forms CMS C/MC 751 as Re-established as Active Debt Due to a Cash Collection, Line 6b, Transfers In from CNC and Line 4c, Collections Deposited at Another Location on Forms CMS H/M 751.

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: April 4, 2005 Implementation Date: April 4, 2005 Pre-Implementation Contact(s): Lily Huang at (410) 786-5466 or LHuang1@cms.hhs.gov . Post-Implementation Contact(s): Lily Huang at (410) 786-5466 or LHuang1@cms.hhs.gov and Jennifer Mills at (410) 786-8494 or JMills2@cms.hhs.gov .	These instructions shall be implemented within your current operating budget.
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***Unless otherwise specified, the effective date is the date of service.**